

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE APPLICATION OF MOUNTAIN WATER)	
DISTRICT OF PIKE COUNTY, KENTUCKY,)	
FOR ORDER APPROVING CONSTRUCTION)	
FINANCING, CERTIFICATE OF PUBLIC)	CASE NO. 92-227
CONVENIENCE AND NECESSITY, AND)	
WATER RATES)	

O R D E R

On May 29, 1992, Mountain Water District ("Mountain Water") filed an application for a Certificate of Public Convenience and Necessity to construct a \$5,416,499 waterworks improvement project and for approval of its plan of financing for this project. This project will provide service to 1,250 additional customers. Project funding includes a \$10,000 loan from the Farmers Home Administration ("FmHA"), a \$5,165,093 loan from the Kentucky Infrastructure Authority ("KIA"), and \$241,406 in Mountain Water funds. The FmHA loan will be for a 40-year period at an interest rate of 5 percent per annum. The KIA loan will be for a 30-year period at an interest rate of 2.9 percent per annum.

Mountain Water's application was made pursuant to KRS 278.023 which requires the Commission to accept agreements between water districts and FmHA and to issue the necessary orders to implement the terms of such agreements within 30 days of satisfactory completion of the minimum filing requirements. Given that minimum filing requirements were met in this case on June 10, 1992, KRS

278.023 does not grant the Commission any discretionary authority to modify or reject any portion of this agreement.

IT IS THEREFORE ORDERED that:

1. Mountain Water is hereby granted a Certificate of Public Convenience and Necessity for the proposed construction project.

2. Mountain Water's proposed plan of financing with FmHA and KIA is accepted.

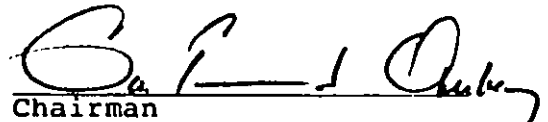
3. Mountain Water shall file a copy of the "as-built" drawings and a certified statement that the construction has been satisfactorily completed in accordance with the contract plans and specifications within 60 days of the substantial completion of the construction certificated herein.

4. Mountain Water shall monitor the adequacies of the expanded water distribution system after construction. If the level of service is inadequate or declining or the pressure to any customer falls outside the requirements of 807 KAR 5:066, Section 6(1), Mountain Water shall take immediate action to bring the system into compliance with Commission regulations.

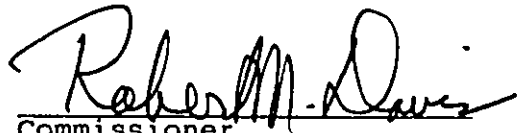
Nothing contained herein shall be deemed a warranty of the Commonwealth of Kentucky, or any agency thereof, of the financing herein accepted.

Done at Frankfort, Kentucky, this 19th day of June, 1992.

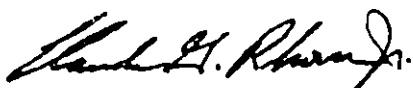
PUBLIC SERVICE COMMISSION


Chairman


Vice Chairman


Commissioner

ATTEST:



Executive Director, Acting